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Brian Schweitzer
Governor

March 23, 2007

To: House Tax Committee

Attn: Chairman Bob Lake; Representative Jill Cohenour

From: Neil Templeton, Tax Analyst, Department of Revenue

Re: SB 332 Impact on County, School District, and Federal Impact Aid Revenues

This memo provides a brief explanation of SB 332 impacts on city and county funding, school district funding, and federal impact aid to schools. The impact on city, county, and school district funding are illustrated with tables that show taxes levied on the tax year 2006 taxable value of tribally owned property in cities, counties, and school districts.

Table 1 shows TY 2006 taxable value of tribally owned property, and taxes levied on that value in seven cities. The largest levies are in Polson and Browning.

Table 1 Tax Year 2006 City Levies on Tribally Owned Property		
City	Taxable Value	City Levy
Polson	\$ 25,417	\$ 3,481
St Ignatius	270	29
Hot Springs	968	195
Valier	97	8
Browning	13,357	1,451
Hardin	1,760	252
Lodge Grass	5,743	616
Total	<u>\$ 47,612</u>	<u>\$ 6,032</u>

Table 2 shows TY 2006 taxable value of tribally owned property, and taxes levied on that property in thirteen counties. The county levy is a levy imposed to provide general fund and other countywide fund revenue. The road levy is generally levied only in specific levy districts within the county. The countywide school levy is the levy for countywide elementary and high school transportation and retirement. Other levies include fire levies, mosquito levies, and other levies confined to specific districts.

Table 2
Tax Year 2006 County Levies on Tribally Owned Property

County	Taxable Value	County Levy	Road Levy	Countywide School Levy	Other Levies	Total County Levy
Big Horn	\$ 100,476	\$ 6,312	\$ 1,331	\$ 1,764	\$ 585	\$ 9,993
Blaine	16,621	2,205	435	735	46	3,421
Flathead	779	91	16	33	16	156
Glacier	163,499	24,976	5,926	6,660	542	38,105
Hill	15,276	2,009	477	743	114	3,343
Lake	115,786	11,759	2,027	6,472	1,647	21,905
Missoula	584	78	13	28	17	136
Phillips	958	54	20	26	4	104
Pondera	7,886	1,209	239	378	81	1,907
Rosebud	4,051	92	46	79	112	330
Sanders	64,780	5,043	901	3,231	1,639	10,813
Valley	8,274	622	248	343	27	1,239
Yellowstone	407	41	13	21	3	78
Total	\$ 499,377	\$ 54,494	\$ 11,693	\$ 20,513	\$ 4,833	\$ 91,533

Table 3 shows TY 2006 taxable value by school district, and taxes levied on that property by elementary, high school, and K-12 school districts. Table 3 also shows the school districts' portion of the countywide school levies shown in Table 2.

Table 3
Tax Year 2006 School District Levies on Tribally Owned Property

Elementary District	Taxable Value	EL District Levy	Approx Share of Ctywide Levy	HS District	Taxable Value	HS District Levy	Approx Share of Ctywide Levy	K-12 District	Taxable Value	K-12 District Levy	Approx Share of Ctywide Levy
Arlee	\$ 15,329	\$ 1,459	\$ 402	Arlee	\$ 15,329	\$ 905	\$ 210	Hays-Lodgepole	\$ 1,120	\$ 102	\$ 140
Ashland	3,805	431	0	Billings	407	27	5	Heart Butte	318	26	83
Box Elder	14,736	2,227	66	Box Elder	14,736	1,884	38	Malta	388	113	15
Browning	90,649	17,503	3,071	Browning	138,972	9,250	2,102	Nashua	2,134	441	41
Camas Prairie	3,880	414	19	Charlo	17,643	1,426	211	St Ignatius	24,225	3,452	1,399
Charlo	4,982	515	243	Cut Bank	24,636	1,497	476				
Cleveland	15,494	66	5	Dodson	570	59	1				
Cut Bank	24,636	2,122	903	Flathead	779	74	7				
Dixon	12,661	1,022	122	Frazer	6,140	405	23				
Dodson	570	77	1	Hardin	66,055	2,254	396				
East Glacier	48,323	7,619	79	Harlem	15,501	625	95				
Frazer	6,140	1,049	24	Havre	540	44	138				
Hardin	66,055	10,392	868	Hot Springs	63,937	6,695	139				
Harlem	7	0	180	Lame Deer	4,051	126	2				
Havre	540	69	252	Lodge Grass	29,387	2,005	96				
Hot Springs	60,057	9,861	217	Plenty Coups	5,034	257	74				
Kila	779	95	0	Polson	44,285	2,297	879				
Lame Deer	246	13	12	Ronan	15,731	1,087	544				
Lodge Grass	26,900	3,325	141	Valier	7,568	814	24				
Morin	407	29	0								
Polson	39,450	4,762	1,478								
Pryor	5,034	380	50								
Ronan	15,731	2,242	1,372								
Valier	7,568	1,163	42								
Valley View	1,677	202	20								
West Shore	3,158	55	30								
Wyola	2,487	460	94								
Total	\$471,301	\$67,552	\$ 9,692		\$471,301	\$ 31,731	\$5,459		\$28,185	\$4,134	\$ 1,679

In Table 3, the columns for elementary, high school, and K-12 district levies show the taxes levied by school districts on tribally owned property within their districts. The columns labeled "Approx Share of Ctywide Levy" show each district's approximate share of countywide retirement and transportation taxes levied on tribally owned property in the county or counties in which that district resides.

School districts in Montana receive federal impact aid in the form of children with disabilities payments, construction grants, and basic support payments. Children with disabilities payments and construction grants comprise about 5% of federal impact aid to Montana. These payments will not be affected by SB 332.

Basic support payments comprise about 95% of federal impact aid to Montana. The amount of basic support payment to a school district is limited by the amount of federal monies appropriated. The maximum payment is the number of (weighted) federally connected students in the district, multiplied by a factor that is determined by the average per-pupil expenditure in the state, the national average per-pupil expenditure, the average local per-pupil expenditure, and the average local / state contribution percentage. Because none of these variables are strongly correlated with local tax rates or revenues, the effect of SB 332 on basic support payments would likely be minimal.